

LONGVIEW SCHOOL DISTRICT No. 122
Cowlitz County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Findings

1. The District Should Improve Cash Controls Over Associated Student Body (ASB) Activities

Our review of ASB activities at Mark Morris High School revealed significant accounting and internal control weaknesses related to procedures for athletic ticket sales, as follows:

Incompatible Duties

The system weaknesses primarily resulted from ASB secretaries performing incompatible duties. They issued tickets to sellers, prepared ticket control logs, and had access to the cash deposited. Proper cash handling procedures require that duties be separated so no one individual has both physical control over cash received, and the evidence of accountability used to determine how much cash should have been collected.

District Guidelines Not Followed

In addition, the ticket control logs were incomplete and did not account for all tickets. Controls were inadequate at the gates where athletic events took place. Not every purchaser received a ticket from a ticket seller, and ticket takers did not tear tickets in half and return the other half to purchaser. This weakness renders it impossible to determine if all spectators paid for a ticket. Further, in most instances gate receipts did not reconcile to the "Activities Tally Sheet," which computed the amount of cash which should have been collected. The ending ticket number was not entered on the forms, nor were reconciliations performed promptly after the athletic event.

Because of the system weaknesses noted above, we were unable to determine if all money from ticket sales from athletic events was deposited into the ASB Fund.

Our review also disclosed that reconciliation reports from fund raising activities for both high schools were not available for audit. Additionally, receipts kept by school secretaries did not identify the source of collections, making it impossible to determine the completeness of cash receipts for a particular fund raising activity.

Through inquiry at both high schools, we found that staff members were not aware of the existence of *Guidelines for Associated Student Body Funds*. This is the district's manual which identifies required record keeping documents.

To correct the weaknesses cited above, we recommend management ensure that the district's *Guidelines For Associated Student Body Funds* is disseminated to staff and that its procedures are enforced. Additionally, we recommend the district:

- a. Assign an individual, who does not have access to cash collections or deposits, to issue unused ticket stock to sellers and maintain accurate control logs.

- b. Ensure that the ticket sale sheet (Activities Tally Sheet) is filled out completely, and gate receipts are independently reconciled to tickets sold.
- c. Ensure that ticket takers at athletic events tear tickets in half, retain half, and return half to the purchaser.
- d. Enforce the district's requirement that reconciliation reports are completed for all fund raising events, and ensure that cash receipts identify the event which was the source of the cash collected.

LONGVIEW SCHOOL DISTRICT NO. 122
Cowlitz County, Washington
September 1, 1993 Through August 31, 1994

Schedule Of Federal Findings

1. The District Should Comply With Federal Requirements For The Chapter 1 Program

The state Superintendent of Public Instruction (SPI) passed through federal grant funds to the district under Chapter 1 of ESEA (CFDA 84.010). Accordingly, the district was required to follow federal guidelines in complying with "Level of Effort (LOE)" requirements. A key component in the LOE requirement is comparability of services between schools where grant funds are used and those operating without federal Chapter 1 funds.

Federal regulations require the following, per 34 CFR 200.43 (1):

The LEA uses state and local funds to provide services in project areas that, taken as a whole are at least comparable to services being provided in school attendance areas that are not receiving funds under this part
.....

Our review of the Chapter 1 program disclosed that the district had not used a consistent method for determining instructional staff which were included in their comparability report. They used one method for elementary schools and another method for middle schools. Had they used the same method for middle schools as was used in the elementary schools, the district's comparability report would have disclosed noncomparability in Chapter 1 services.

In order to facilitate compliance of the Local Education Agency (LEA) with this requirement, SPI published Bulletin 43-93, which states in part:

Staff included for the computation must be consistent among and between buildings.

According to the program coordinator, the district's interpretation of this requirement was that they needed to be consistent between buildings of the same grade span, but not between buildings of different grade spans. District officials stated they were following the verbal operating direction given them by SPI. However, they did not have any written documentation to support this interpretation.

We also reviewed the district's Chapter 1 program reporting, and found the district had made significant errors on their Chapter 1 Regular end-of-year report (Form F-749) to SPI. The report submitted July 5, 1994, materially overstated the number of students served for the period September 1993 through June 1994.

We recommend the district comply with the federal requirements and SPI directives regarding comparability requirements of the Chapter 1 program. To facilitate compliance

with federal reporting requirements, we also recommend the district accurately report all required information to SPI.

2. The District Should Accurately Report Students Served In the Federal Handicapped Grant Program and Properly Maintain Supporting Records

During the 1993-94 school year, the state Superintendent of Public Instruction (SPI) passed through to the district \$396,844 in federal funds for the Handicapped-State Grant (CFDA 84.027) program. Accordingly, to determine the amount of funds for which it is eligible, the district was required to follow federal guidelines for reporting the count of handicapped children served.

Federal regulations require the state to distribute federal funds based on the number of handicapped children served, by each Local Education Agency (LEA). 34 CFR 300.707 states in part:

... Each local educational agency is entitled to an amount which bears the same ratio to the total amount as the number of handicapped children aged three through 21 in that agency who are receiving special education and related services bears to the aggregate number of handicapped children aged three through 21 receiving special education and related services in all local educational agencies which apply to the State educational agency for funds under Part B of the Act.

34 CFR 300.132(b) states in part:

Each annual program plan must include the following information:

- (1) The number of handicapped children in the state, within each disability category, who are participating in regular education programs
....
- (2) The number of handicapped children who are in separate classes or separate school facilities, or who are otherwise removed from the regular education environment.

In order to facilitate compliance of the LEA with this requirement, SPI published Bulletin 41-93, which states in part:

Each district must maintain a list of students counted by age and disability for verification or audit purposes.

Our review of the Longview School District's handicapped program revealed some inconsistencies in their reports to SPI covering the number of handicapped students served. These discrepancies could not be adequately resolved because the district had failed to maintain a list of students counted as required by SPI directives. In addition, they were not able to reproduce the student lists, because they failed to maintain backup copies of their computer generated data base. Consequently, we were not able to verify the accuracy of reports submitted and we could not determine if the district received its proper allocation of grant funds.

According to the director of special services, the lack of adequate supporting records was due to a misunderstanding by the staff person assigned to maintain the data base of students served.

We recommend the district management ensure adequate lists of students served are maintained to support reported counts of handicapped students.

3. The District Should Not Request Reimbursement From The Federal Handicapped-State Grant For Ineligible Students Served

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments*; Attachment A, Basic Guidelines, 2.a. Allocable Costs, states in part:

- a. A cost is allocable to a particular cost objective to the extent of benefits received by such objective.

During the 1993-94 school year, the district paid Progress Center, Inc. \$3,996.46, which was subsequently charged to the Handicapped Grant (CFDA 84.027). Payments to this agency were for services provided to children ages zero through two, which were unallowable under this specific federal grant award. Costs for the handicapped program are allowable only for special education and related services based on a certified count of handicapped children, age three through twenty-one years.

According to the Director of Special Education, the incorrect charges occurred because of an oversight which she thought had been corrected.

We recommend the district management carefully review charges to federal grant programs to ensure they comply with federal cost principles. We further recommend the district repay the \$3,996.46 costs questioned.